

<b>Caption in Compliance with D.N.J. LBR 9004-2(c)</b>	
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UNITED STATES DISTRICT COURT DISTRICT OF NEW JERSEY Civil Action No. 09-4371 (JAP) CHAPTER 11 CASE NO. 03-51524 (KCF) Jointly Administered	
In re:  <b>CONGOLEUM CORPORATION, CONGOLEUM SALES, INC., and CONGOLEUM FISCAL, INC.,</b>  Debtors.	

**ORDER PURSUANT TO SECTION 364 OF THE BANKRUPTCY CODE  
APPROVING FOURTEENTH AMENDMENT TO POST-PETITION FINANCING  
AGREEMENT**

The relief set forth on the following pages, numbered two (2) through five (5) is hereby  
**ORDERED.**

*So ordered*  
*[Signature]*  
6/7/10

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Debtors:	Congoleum Corporation, <u>et al.</u>
Case No.:	09-4371 (JAP)
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	<u>Approving Fourteenth Amendment to Post-Petition Financing Agreement</u>

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This matter came before the Court upon the Motion (the "Motion" ), dated May 11, 2010, of Congoleum Corporation ("Congoleum"), Congoleum Sales, Inc. ("CSI"), and Congoleum Fiscal, Inc. ("CFI", and together with CSI and Congoleum, each, individually a "Debtor" and collectively, "Debtors"), each as debtor and debtor-in-possession in the above-captioned chapter 11 cases (the "Cases" ), pursuant to sections 105, 362, 364(c)(1), 364(c)(2) and 364(c)(3) of Title 11 of the United States Code, 11 U.S.C. §§ 101, et seq. (the "Bankruptcy Code") and Rules 2002, 4001(c), and 9014 of the Federal Rules of Bankruptcy Procedure, requesting that the Court amend the Final Order (1) Authorizing Debtors' Use of Cash Collateral, (2) Authorizing Debtors to Obtain Post-Petition Financing, (3) Granting Senior Liens and Priority Administrative Expense Status Pursuant to 11 U.S.C. §§105 and 364(c), (4) Modifying the Automatic Stay Pursuant to 11 U.S.C. §362, and (5) Authorizing Debtors to Enter into Agreements with Congress Financial Corporation, which was approved on February 2, 2004 (the "Final Financing Order") and the Financing Agreements (as defined in the Final Financing Order) by entering an order authorizing Debtors to enter into Amendment No. 14 to Ratification and Amendment Agreement and Amendment No. 16 to Loan and Security Agreement (the "Fourteenth Ratification Amendment") with Wells Fargo Bank, National Association, successor by merger to Wachovia Bank, National Association, successor by merger to Congress Financial Corporation ("Lender"), and no objection with respect to the Motion having been filed; and due and sufficient notice of the Motion and the opportunity to request a hearing having been given in accordance with Bankruptcy Rule 4001; and this Court having reversed the Dismissal Order, withdrawn the

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reference of the case from the Bankruptcy Court pursuant to 28 USC § 157(d), and assumed authority of this case in accordance with the Order and Opinion, dated August 17, 2009; and based upon the entire record before the Court, the Court having found good and sufficient cause for granting the relief sought in the Motion.

IT IS, as of the date set forth above, HEREBY ORDERED, ADJUDGED AND DECREED, that:

1. The Motion is hereby GRANTED to the extent set forth in this Order.
2. All of the terms, conditions and provisions of the Fourteenth Ratification Amendment are hereby authorized and approved in all respects and Debtors are hereby authorized and directed to execute and deliver the Fourteenth Ratification Amendment together with any and all documents, instruments and agreements to be executed and/or delivered in connection therewith, and comply with all of the terms and conditions thereof, including without limitation, (a) the payment of the interest and fees provided for therein, (b) the modification of the Minimum EBITDA covenant, and (c) the extension of the term of the facility, and all other provisions of the Final Financing Order and Financing Agreements as amended hereby and thereby. Except as specifically modified and amended pursuant to the terms and provisions set forth in the Fourteenth Ratification Amendment, all of the terms, conditions and provisions of the Final Financing Order and the Financing Agreements are hereby ratified and reaffirmed and shall remain in full force and effect.

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3. In accordance with the terms of the Final Financing Order, each of the parties entitled to receive actual notice of a “material change” have received due and proper notice and no objection has been filed with respect thereto.

4. This Order shall be binding upon the Debtors, all parties in interest in the Cases, and their respective successors and assigns, including any trustee or other fiduciary appointed in these Cases or any subsequently converted bankruptcy case(s) of the Debtors. This Order shall also inure to the benefit of Lender and its respective successors and assigns. The provisions of this Order and the Fourteenth Ratification Amendment, and any and all rights, remedies, privileges, and benefits in favor of Lender provided or acknowledged in this Order and the Fourteenth Ratification Amendment, and any actions taken pursuant thereto, shall be effective immediately upon entry of this Order pursuant to Bankruptcy Rules 6004(g) and 7062, shall continue in full force and effect, and shall survive entry of any such other order, including without limitation any order which may be entered confirming any plan of reorganization, staying the dismissal of any or all of the Cases, converting one or more of the Cases to any other chapter under the Bankruptcy Code, or dismissing one or more of the Cases.

5. The terms and provisions of the Fourteenth Ratification Amendment have been negotiated in good faith and at arms' length among Debtors, on one hand, and Lender, on the other hand, and any loans, advances or other financial and credit accommodations which are made or caused to be made to Debtors pursuant to the Final Financing Order and the Financing Agreements, as amended and modified by the Fourteenth Ratification Amendment, are deemed

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to have been extended in good faith, as the term "good faith" is used in Section 364(e) of the Bankruptcy Code, and shall be entitled to the full protection of Section 364(e) of the Bankruptcy Code in the event that this Order or any provision hereof is vacated, reversed or modified, on appeal or otherwise.